

Thomas-Jensen Affirmation

Exhibit # 32

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND**

STATE OF NEW YORK; et al.,

Plaintiffs,

v.

DONALD TRUMP, in his official capacity as
President of the United States; et al.,

Defendants.

C.A. No. 1:25-cv-00039-JJM-PAS

DECLARATION OF LINDY HARRINGTON

I, Lindy Harrington, declare as follows:

1. I am a resident of the State of California. I am over the age of 18 and have personal knowledge of all the facts stated herein, except to those matters stated upon information and belief; as to those matters, I believe them to be true. If called as a witness, I could and would testify competently to the matters set forth below.

2. I am currently employed by the California Department of Health Care Services (DHCS) as the Assistant State Medicaid Director. I have held the Assistant State Medicaid Director position since 2023. As Assistant State Medicaid Director my responsibilities include assisting the State Medicaid Director in overseeing all aspects of the Medicaid and Children's Health Insurance Programs (CHIP) as governed by state and federal rules. My experience includes over 17 years of various executive leadership roles within DHCS, including over 7 years as the Deputy Director, Health Care Financing, where I was responsible for the development, promotion, and implementation of financing for California's Medicaid program (Medi-Cal) prior to my appointment as Assistant State Medicaid Director. Additionally, I have approximately 8 years of executive leadership within the administrative functions of the Department, including but not limited to financial management (including accounting, budgeting and fiscal forecasting) as the Deputy Director, Administration, for approximately 2 years. I also served as the Chief, Financial Management Branch for approximately 6 years. My responsibilities in that role included oversight for financial management of all DHCS health care programs, not limited to Medi-Cal.

3. I understand that on January 27, 2025, the acting director of the U.S. Office of Management and Budget (OMB), Matthew J. Vaeth, issued OMB Memorandum M-25-13, a "Memorandum for the Heads of Executive Departments and Agencies" regarding "Temporary

Pause of Agency Grant, Loan, and Other Financial Assistance Programs” (“OMB Memorandum”). The OMB Memorandum directed all federal agencies to “pause all activities related to obligation or disbursement of all Federal financial assistance . . . including, but not limited to, financial assistance for foreign aid, nongovernmental organizations, DEI, woke gender ideology, and the green new deal.”

4. I am providing this declaration to explain certain adverse impacts on the State of California that were caused by the federal government pausing activities related to the obligation or disbursement of federal financial assistance to the State through DHCS, and to explain more generally certain adverse impacts that are or might be caused when the federal government pauses such activities.

5. The California Department of Health Care Services (DHCS) is the backbone of California’s healthcare safety net. DHCS is the single state agency responsible for administering the state’s Medicaid program, Medi-Cal, which provides comprehensive health care services at no or low cost for low-income individuals. Medi-Cal is authorized and funded through the Medicaid federal-state partnership. California administers its own Medicaid program under broad federal requirements and the terms of its “plan for medical assistance,” also known as a State Plan. Social Security Act § 1902; 42 C.F.R. Part 430, subpart B. Once the U.S. Centers for Medicare and Medicaid Services (CMS) approves the State Plan, a state is entitled to receive the federal Medicaid funding contribution, known as “Federal Financial Participation” (FFP), for a percentage of its program-related expenditures for eligible enrollees.

6. Medi-Cal programs cover physical health, mental health, substance use disorder, pharmacy, dental, and long-term services and supports. As of January 2025, Medi-Cal serves approximately 14.5 million Californians, making the Department the largest health care

purchaser in California. Besides Medi-Cal, DHCS also administers and oversees the Children's Health Insurance Program (CHIP), and several health-related federal grants. The Department also administers programs for special populations and several other programs funded with state funds, as well as county-operated community mental health and substance use disorder programs. Among those 14.5 million Californians covered by DHCS programs are 5 million children—more than half of all California's kids, 2.3 million seniors and people with disabilities, and 3.4 million working Californians—nearly one in five of all California workers.

7. As Assistant State Medicaid Director, my responsibilities include the management of the Medi-Cal program, including its funding, budgets, staffing, and programs. Among the programs administered by DHCS, some are part of Medi-Cal, and mandated and/or financed by the federal government, while others are mandated and financed by state law. These programs include: American Indian Infant Health Initiative; Mental Health and Substance Use Disorder Services; Medi-Cal Access Program; California Children's Services program; Child Health and Disability Prevention program; the Genetically Handicapped Persons Program; the Newborn Hearing Screening Program; the Family Planning, Access, Care, and Treatment program; Program of All-Inclusive Care for the Elderly; the Health Care Program for Children in Foster Care; Projects for Assistance in Transition from Homelessness; and Every Woman Counts.

8. For California's Fiscal Year 2024-25 (July 1, 2024 to June 30, 2025), the DHCS budget includes a total of \$166.3 billion, the vast majority of which relates to Medi-Cal and CHIP. Of that amount, \$1.4 billion funds state operations (DHCS operations), while \$164.9 billion supports local assistance (funding for program costs, partners, and administration). The budgeted federal Medicaid funding is \$107.5 billion, which is 65% of DHCS's annual budget.

9. In addition to Medicaid, DHCS receives significant funding from other federal programs, including the Substance Abuse and Mental Health Services Administration (SAMHSA), the Health Resources and Services Administration (HRSA), Title V and Title X funds from the U.S. Department of Health & Human Services (HHS), and the Federal Emergency Management Administration (FEMA). Together, DHCS receives more than \$125,000,000 annually from these other programs.

10. DHCS will suffer immediate negative impacts if DHCS does not receive the federal money it is relying on, or if receipt of that money is delayed. For instance, within the fee for service delivery system (which includes some health care services, and all prescription medication), a pause in funding may be felt within days since DHCS will be unable to timely reimburse for these claims. In the managed care delivery system, DHCS makes monthly capitation payments to managed care plans in the state. If DHCS is unable to process the capitation payments for the next month, it could lead to significant cash flow and funding challenges for California's contracted managed care plans creating a waterfall to negatively impact their ability to timely reimburse claims.

11. DHCS's Fiscal Year 2024-25 budget relies on federal Medicaid funds, and we made plans and allocated funding for staffing and programming based on the anticipated receipt of Federal funding pursuant to California's approved State Plan and other agreements with CMS. In developing its annual budget, DHCS did so with the expectation that it would in fact promptly receive the federal funds to which it is entitled under its existing agreements under the aforementioned federal programs, on the specific timetables set forth under those agreements and programs. A disruption in the receipt of anticipated federal funds would create budgetary chaos for DHCS, the programs and offices it oversees, and the many entities that receive DHCS

funding. In California, county and local partners administer the vast majority of health and human services programs. If the federal administration is permitted to withhold federal funding for these programs, it will have a devastating effect on local communities.

12. As mentioned above, any pause in the receipt of our federal funding would cause significant problems for DHCS's operations and programs, which could result in devastating effects on the health care delivery and funding system in California. An indefinite or lengthy pause would result in State and local programs being unable to absorb such a loss without cutting staff and services. State and local governments would be unable to make up this shortfall in funding, and health care services could be drastically curtailed or even cease altogether as a consequence. Even a short pause would result in DHCS being unable to reimburse providers in the fee-for-service delivery system, while a longer pause would wreak havoc in the managed care system.

13. DHCS cannot absorb even a short-term loss in funding. For instance, on January 27, 2025, when the federal U.S. Department of Health and Human Services Payment Management Service (PMS) portal was unavailable, DHCS did not receive the almost \$200 million it expected to receive overnight between January 27 and January 28, 2025. DHCS managed to continue operations for January 28, 2025, but did not have sufficient funds to meet future financial obligations without intervention from other funding sources. Pursuant to Medicaid laws and regulations, DHCS is required to disburse the federal funds it receives for health care services within three days of receipt. Thus, DHCS cannot maintain federal funds in reserve for any anticipated pause or freeze in funding, and with an annual budget of over \$106 billion in federal participation, DHCS is unable to backfill the loss of Medicaid Medi-Cal funding for even a few days. The loss of federal Medicaid funding in California for an indefinite

period would significantly impede the delivery of basic health care services to 14.5 million low-income, elderly, and pregnant individuals, as well as individuals with disabilities. Numerous studies have shown that the inability to access affordable health care coverage leads low-income individuals to postpone or forgo needed medical treatment, including both preventive treatment as well as treatments for major acute or chronic conditions. Lack of access to timely treatment leads to increased emergency room use and hospitalizations, and a decline in overall health. Additionally, when uninsured individuals ultimately undergo medical treatment, as everyone eventually must, they often receive unaffordable medical bills, causing serious financial harm. These can include medical debt and bankruptcy.

14. On average, DHCS receives disbursements of almost \$11.7 billion every month from the PMS. DHCS draws federal funds for Medi-Cal from the PMS twice weekly, on Mondays and Wednesdays, and makes additional draws for other federal grant programs as needed each week. Once DHCS draws down the funds, they are transferred to the State, and DHCS then releases the funds to its program partners within three days.

15. Accordingly, DHCS relies on the flow of federal money on a daily basis to operate its Medi-Cal and other federally funded programs.

16. DHCS was unexpectedly unable to access the PMS portal on January 28, 2025, and did not receive any advanced notice or warning from CMS that the portal would be unavailable or that funding would be “paused.” DHCS only learned of the delay when it did not receive the expected disbursements overnight between January 27 and 28, 2025. DHCS did not receive any information regarding the “pause” until the OMB memo was publicized in news media on January 27. Prior to learning of the OMB memo, DHCS reached out to CMS on January 28 to ascertain why DHCS could not access the portal and why DHCS had not received

the expected overnight reimbursement. DHCS did not receive any substantive information from CMS other than confirming that the system was not available.

17. The lack of information from CMS caused confusion and significant work to address the issue. DHCS received inquiries from its many partners regarding the freeze and consequences of the freeze, but did not have information to provide to stakeholders. DHCS continues to receive inquiries as to the impact on DHCS's programs and whether services are available to members.

18. Access to PMS was restored late in the afternoon of January 28, 2025. At that time, DHCS was able to once again access the portal and request its necessary draws.

19. DHCS continues to be concerned that the funding will again be delayed or denied, and if it is, whether Medicaid will be included in any future pause. Even if Medicaid is not included in a future pause, DHCS is concerned that the \$125,000,000 in other federal grants it receives annually that support health care for women, children, and the disabled will be withheld, preventing the most vulnerable Californians from receiving lifesaving care they desperately need. As I mentioned above, these other federal grants support programs such as the American Indian Infant Health Initiative; Mental Health and Substance Use Disorder Services; the Family Planning, Access, Care, and Treatment program; Projects for Assistance in Transition from Homelessness; Every Woman Counts; and programs supported by SAMHSA, HRSA, Title V and Title X funds from HHS, and FEMA. All of these programs would be at risk if funding is delayed or stopped.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on February 5, 2025, at Sacramento, California.



Lindy Harrington